

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. WRU-03-75-150
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**ORDER GRANTING WAIVER**

(Issued January 16, 2004)

On December 24, 2003, Interstate Power and Light Company (IPL) filed with the Utilities Board (Board) a request for waiver of 199 IAC 20.9 to allow the cost of switchgrass used to generate electricity at the Ottumwa Generating Station (OGS) to be recovered through IPL's energy adjustment clause (EAC). No objections to the request for waiver were filed.

The EAC allows an electric utility to recover through an automatic adjustment clause certain costs incurred in supplying energy, including the cost of nuclear and fossil fuel, the cost of steam, and the cost of water used for hydraulic power generation. 199 IAC 20.9(2)2"b." In support of its waiver request, IPL said the rule arguably does not allow the recovery of the cost of switchgrass because it does not fall within one of the listed categories of fuels. IPL is using switchgrass at OGS as a substitute for fossil fuel to generate electricity. IPL noted that if it is unable to recover the costs of switchgrass through its EAC, it may be difficult, if not impossible, to continue IPL's alternative fuel initiative.

The Board will grant the waiver request. IPL is using switchgrass, an alternative renewable fuel that can be produced in Iowa, as a substitute for fossil fuel. Such initiatives should be encouraged because they stimulate economic growth and reduce Iowa's dependence on fuels purchased outside the state. Iowa Code § 476.6(11), which authorizes automatic adjustment clauses, does not limit the types of fuel costs that can be recovered. The cost of switchgrass used for generating electricity should be recoverable through the EAC in the same way the costs of fossil and nuclear fuel are recovered. Granting the waiver will have a positive impact on the public health, safety, and welfare because it will promote a new sustainable energy source produced in Iowa and reduce air emissions from fossil fuels.

199 IAC 1.3.

**IT IS THEREFORE ORDERED:**

The request for waiver filed by Interstate Power and Light Company on December 24, 2003, is granted.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 16<sup>th</sup> day of January, 2004.